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22ND AUGUST 1945

CHIEFS OF STAFF COMMITTEE
JOINT INTELLIGENCE SUB-COMMITTEE

CONDITIONS IN JAPAN - SUMMARY FOR JULY 1945

Note by the Secretary

The annexed summary for July 1945, prepared in the Foreign Office before the Japanese Surrender, is circulated for information as showing the pre-surrender situation in Japan.

(Signed) E.J. KING-SALTER.

Offices of the Cabinet and
Minister of Defence, S.O. 1.

22ND AUGUST, 1945.

ANNEX

Conditions in Japan: Summary for July, 1945.

Note: The passages in this report which are sidlined are from most secret resources and should not be quoted.

On the 3rd July the Board of Information announced a Governmental decision to reduce staple rations by 10%. The order was to go into effect on the 11th July generally and on the 11th August in the major cities. The announcement indicated that the cut would be restored in October when the new crop had been harvested but this now seems open to doubt since Domei stated on the 22nd July that this year's crop in most prefectures would be only about 80% of a normal year's yield. The reason for this unsatisfactory state of affairs was given as the "extraordinarily bad weather throughout the season" but there can be no doubt that labour and fertilizer shortages have been contributory factors.

2. The staple foods of Japan are rice, fish, edible seaweed and soya beans, which may be compared with bread, meat and eggs in this country. The announcement by the Board of Information on the 3rd July went on to say that in the place of this cut in staple foods there would be an increased production of flour, miscellaneous cereals, vegetables and other substitute foods. Whether this increased production will be possible remains to be seen and in any case the Japanese find it difficult to accustom themselves to variations of diet. There have recently been recurrences of the old complaint that new foods and the lack of experience in preparing them were causing illness among workers and thus contributing to absenteeism in the war factories. On the 6th July, Domei let it be known that Suzuki had himself tasted the new wartime style of "mochi" ("rice cake"; but in fact made from the residue of sweet potatoes after the extraction of the starch) and had smacked his lips and remarked that they were "excellent wartime food."

3. This pronouncement by Suzuki could not conceal the fact that the Japanese people are hungry and are saying so. On the 13th July the Tokyo Shimbun stated that wherever two men are gathered together their conversation turns on food. "It is possible", the paper added, "temporarily to relieve the pangs of hunger by refusing to admit hunger, but this cannot be done indefinitely. To conquer hunger one must escape from the conditions of hunger. Regrettable as it is we cannot escape from this condition while our stomachs are empty." The article went on to complain that the authorities frequently prided themselves on having attained self-sufficiency in this or that foodstuff, but that this standard of "self-sufficiency" was based on an artificial and ever-shrinking official conception of "minimum requirements", not on the consumption capacity of the people.

4. Famine's twin spectre, inflation, also stalks the land. In a press interview in Tokyo on ? 19th July, the Finance

Minister Hirose admitted what Domei called "the threat of vicious inflation hovering over the economic life of the nation." He reminded the people of the situation in Germany after the last war and warned that inflation could be checked only by full cooperation between the Government and the people and that the outlook "permitted of no optimism". He called for a better distribution of commodities, a more flexible price system, drastic measures of taxation and the absorption of money held by certain working classes whose income had been disproportionately increased owing to wartime economic conditions. Commenting on this statement, the Yomiuri said that there was no denying that some people had taken advantage of the war to make easy money, but warned them that their securities would be worthless if Japan did not gain final victory.

5. The expansionary credit policy which the Japanese Government have adopted to finance their war expenditure is shown by the note issue which by the 13th June had reached 25,000,000,000 Yen. This was an increase of 5,000,000,000 Yen since March of this year and of 23,060,000,000 Yen since December 1938 when the note issue stood at 1,940,000,000 Yen. With the approval of the Finance Ministry the Bank of Japan may issue bank notes to any amount against Government bonds and Treasury bills or even against other bonds and commercial bills of a reliable nature.

6. The general feeling of financial insecurity, coupled with the fear that savings deposited in banks may be destroyed by air raids, is causing reluctance among the people to part with their cash or to deposit it in vulnerable bank buildings. On the 16th July, the Director of the Imperial Bank warned that this attitude was causing the banks serious difficulty and if not remedied would provoke a financial crisis. Probably as a measure to counteract this tendency the Yokohama Specie Bank decided on the 14th July to move all important sections of their Tokyo branch into a bombproof underground office where deposits will be safe and where business can go on even while raids are in progress. Other banks are expected to follow this example.

7. By the 23rd July the total urban area of Japan devastated by Allied bombing was estimated by Allied experts to amount to 140 square miles. Transportation difficulties are increasing owing to bombing of the vital but very vulnerable railway system which skirts the south coast of Honshu and links Tokyo with the industrial cities and ports of the Kobe-Osaka-Nagoya area and beyond to Shimonoseki, the gateway to Korea and to the Asiatic mainland. Alternative transport is difficult because of Allied mining of the seaways and of the lack of spare parts for road vehicles. A recent survey of available lorries showed that 60% of them were laid up because of the lack of minor parts.

8. On the 22nd July the formation of a Railway Combat Corps was announced. This is the first Combat Corps to be formed under the Volunteer Corps system (see Summary for June, paragraph 5), and means that the railway volunteers are now under military command. It may be supposed that the establishment of the Railway Combat Corps is due to the attacks by Allied aircraft on railway targets.

9. There has been considerable evidence during the last two or three months of growing popular dissatisfaction at the Suzuki Cabinet and particularly at its tendency to hide some of the facts from the people. On the 16th May the Tokyo

Shimbun expressed the view that Suzuki's Cabinet was "not necessarily a powerful one" and that there was nothing to show that it was concentrating on any one point in the prosecution of the war. The paper particularly regretted that even after five years of warfare the problem of the increased production of aircraft and of food still remained unsettled. Articles in a similar vein have since appeared from time to time in the various newspapers but possibly the most outspoken criticism came from the veteran journalist Tokutomi in articles in the Mainichi of the 10th July and 12th July. In these he rebuked the Government for having tried to gloss over the loss of Okinawa and stated that "we, the Japanese nation, can face facts however stark they are". Tokutomi also complained that while the Japanese people were filled with zeal and enthusiasm and were steadfast in their belief in victory it was impossible to avoid the impression that some of the leaders were less enthusiastic.

10. On the 13th July the Daily Telegraph reported that the American Federal Communications Commission had monitored an Ankara broadcast to the effect that an attempt had been made to assassinate the Japanese Emperor. This was followed by a similar report from Bogota giving Stockholm as its source, and by a Finnish broadcast that there had been riots in Tokyo. All these rumours are unconfirmed and are probably false.

11. We do know however from an excellent source that there have recently been disturbances in Korea. A native Korean society calling itself the Empire of Zion, led by nationalistic and religious visionaries, appears to be spreading the belief among the Korean masses that the second advent of Christ is at hand. This will be brought about by the final defeat of the forces of the anti-Christ, i.e. Japan, in the battle of Armageddon as prophesied in the Book of Revelation, and the Anglo-Saxon countries will inaugurate the reign of God upon the earth. It is typical of the Korean Christians to associate world events with the Book of Revelation and it is a measure of their lack of realism that they have appointed a Governor-General designate for Japan.

12. In 1919 a large section of Koreans, led by Christian elements and spurred on by Wilson's 14 points, made peaceful nation-wide demonstrations in favour of Korean independence. They were ruthlessly suppressed by the Japanese. We do not yet know what has happened to the present zealots of the Empire of Zion; the report merely stated that they were being rounded up and investigated.

13. On the 16th July a "three point victory plan" was advocated in the Mainichi by Lieutenant-General Kanji Ishihara. The three points of this programme were as follows:- the Emperor to take over the whole national policy under his personal administration; full freedom of public expression and association; and the dissociation of the military from political activities. Perhaps the most interesting point in this programme is the fact that it was issued by General Ishihara, for it was he who in collaboration with Itagaki and the notorious Doihara, staged the Manchuria incident in 1931 which was and possibly remains the classic example of military interference in political matters. Since his retirement from the Army Ishihara has been lecturing in Kyoto University but it is significant that he, who is himself an old protagonist of military interference in political affairs, should now have come out in open condemnation of this practice. Our knowledge of what lies behind this move is necessarily scant but one is led to conclude that the Army, now fully aware of the disastrous effect of their intervention

in political affairs, are trying to disclaim such intervention and have put up Ishihara to start a legend that, contrary to the popular belief, the Army never had intervened and never had any intention of intervening in political affairs. This is a very transparent ruse but equally transparent ruses have often succeeded in Japan. For instance it was that very class which for hundreds of years had held the Japanese Emperor in abasement, which, towards the end of the last century, when it suited their book, revived the legend of his divinity. The first point of General Ishihara's programme is also worthy of note. By transferring the Government of the country to the Emperor's personal direction the militarists would secure another point in their attempt to shift the blame from themselves.

14. According to one source there was considerable propaganda in Japan before and during the Potsdam Conference to the effect that it would produce some sensational development favourable to the Japanese. This source is not very reliable but evidence from radio monitoring also shows that there were considerable hopes that the Conference would end in failure or at least would widen the alleged rift between the three Powers. The Declaration of 26th July by the President and the Prime Minister, with whom Chiang Kai-Shek was associated, calling for the surrender of Japan, must have caused something of a shock, but we have no evidence of panic or consternation. In fact Japanese propagandists dealt with the situation in a very bold manner. They immediately picked on the fact that Stalin was not associated with the Declaration to remind their listeners that they had predicted a rift between the Allies. On 28th July Radio Tokyo dismissed the Declaration as "truly insolent and laughable" and on the same day Suzuki held his press conference in Tokyo in which he stated that the Japanese Government would ignore the Declaration.